

Internal Audit Division
City of Greensboro



August 29, 2011

TO: Rashad Young, City Manager
FROM: Internal Audit Division
SUBJECT: GTA FTA Review

The Internal Audit Division has completed our review of the GTA FTA review for the quarter ended March 31, 2011 as administered by the Department of Transportation. Attached you will find our review report; the departmental response and our replies to their responses. We feel that our concerns have been sufficiently addressed as we move forward. If you have any questions or need additional information, please let us know. Thanks.

Len Lucas
Internal Audit Director

cc: Bob Morgan, Deputy City Manager
Adam Fischer, Director of Transportation
Walter Simmons, Director of Engineering & Inspections
Libby James, Transportation Division Manager



June 3, 2011

TO: Adam Fischer, Director of Transportation

FROM: Internal Audit Division

SUBJECT: GTA FTA Review through March 31, 2011

The Internal Audit Division has conducted a review of the Federal Transit Administration (FTA) expenditures of the Greensboro Transit Authority (GTA). The FTA funds are for the GTA Maintenance/Operations Transit Facility and Administrative offices and the period covers the expenditures through March 31st of fiscal year 2010-2011. The objectives of our review were to:

- Verify that there is an agreement with the FTA.
- Verify that there is appropriate document for the purchase of the land.
- Verify that the quarterly reports are complete and accurate.
- Verify that the contractor expenditures have appropriate documentation within contract/ARRA guidelines.
- Verify that the assets listed as capital have been capitalized.

Funding for the GTA expenditures comes from the Federal Transit Administration (FTA) in the form of two grants. The award amounts are \$4,455,456 and \$7,773,432 with expenditures of \$2,530,733.63 and \$0, respectively through March 31, 2011.

FTA Agreement

We received the applications for both FTA grants from Erica Jeffries, Grants Administrator for GTA. Both applications included project details, budget information, FTA Comments, and the grant agreements. Both agreements allow expenditures for the specific project details that have been submitted to the FTA. The agreement for NC-04-0026-01 was for \$4,455,456 with a required 20% match with 10% matched from State Funds and 10% matched from City budget funds. The agreement NC-95-X034-00 is for \$7,773,432 with a required 20% match with 10% matched from State funds and 10% matched from City budget funds. Both grants were awarded on August 1, 2009.

Land Purchase

We received the purchase authorizations, purchase agreement, HUD (settlement statement), Title Insurance and all related documents from Bobby Price, Real Estate Agent with Engineering & Inspections. An appraisal of the property valuing it at \$1,070,000 was completed on November 16, 2007 with payment made on January 4, 2008. The Purchase agreement was signed on April 21, 2008 and the earnest money of \$13,000 was paid to secure the land on April 2, 2008. The property was originally

zoned as Commercial and had to be rezoned to Heavy Industrial; the zoning application fee was paid on April 2, 2008. Purchase authorization for the \$1,300,000 purchase of the land was authorized by council on June 17, 2008. The HUD, Deed of Trust, and the wire transfer to Star City Development were completed on July 11, 2008 for the purchase of the land. Payment was made for commission to Bissell Companies in the amount of \$75,000 on July 15, 2008. The payment to the Register of Deeds to record the purchase of the land was \$2,600 and was paid on July 16, 2008. The title paperwork from American Title Insurance Company was completed on July 22, 2008 and the payment of \$1,600 was made on August 25, 2008.

Finding: The purchase agreement for the property was signed before City Council approved the resolution to purchase the property. To explain the signing of the purchase agreement of the land before the resolution was approved by City Council, the Legal Department directed us to a clause in the purchase agreement which gives the City the right to terminate the contract should Council not approve the purchase.

Quarterly Reports

After comparing the Budget and Cost of Operation Statement to the FTA Quarterly Narrative Report for NC-04-0026-01, the amount spent did not match the Budget and Cost of Operations Statement. The total amount spent per the quarterly report totaled \$3,124,859 compared to \$3,124,858.63 per the Budget and Cost of Operation Statement for a difference of \$.37. According to the department, the difference is because the report requires all figures to be rounded. The Budget and Cost of Operations Statement and the FTA Quarterly Narrative Report for NC-95-X034-00 matched as there have not been expenses for the grant as of March 31, 2011.

Contract Expenditures

J.M. Thompson Company

There was one payment made to J.M. Thompson Company in the amount of \$120,388.46 as part of contract 2009-025A from the account 565-4560-01.6013 (Buildings) for work on the GTA Maintenance and Operations Facility. The rest of the contract is being paid from GTA ARRA funds. The payment appeared to be for contract applicable expenditures.

Moser Mayer Phoenix Associates

We sampled three of the payments made to Moser Mayer Phoenix as part of contract 2009-0070 for design work on the GTA Maintenance and Operations Facility. The three payments sampled were in the amounts of \$132,366.85 on May 13, 2009, \$135,157.12 on October 16, 2009, and \$17,573.95 on July 23, 2010. The payments sampled appeared to be for contract applicable expenditures. Total charges to 565-4560-01.6013 (Buildings) made as of March 31, 2011 are \$1,072,483. The remainder of the contract is being paid from GTA ARRA funds.

Asset Capitalization

As part of the approved project through the FTA, GTA purchased a Hybrid Electric Transit Bus from Gillig, LLC for \$594,125 and it was delivered on January 20, 2011. The bus meets the capitalization threshold of \$5,000 and it was capitalized as asset number 9761 with the in service date as the day it was delivered. It appears that the asset was properly capitalized according to the capitalization policy.

We would like to thank the staff of Engineering & Inspections and Transportation for their assistance and cooperation during this review. Please respond to this review by June 17, 2011. If there are any questions concerning the details of this review, please call us at 373-2230.



Kimberly Strickland Franklin
Internal Auditor



Len Lucas
Internal Audit Director

cc: Bob Morgan, Deputy City Manager
Andy Scott, Assistant City Manager for Economic Development
Walter Simmons, Director of Engineering & Inspections
Libby James, Public Transportation Division Manager

Internal Audit
Executive Department
City of Greensboro



August 25, 2011

TO: Adam Fischer, Director of Transportation
FROM: Internal Audit Division
SUBJECT: GTA FTA Review through March 31, 2011

The Internal Audit Division has received your response concerning the GTA FTA Review for the quarter ending March 31, 2011. We find the response sufficient and no further response is required.

Thank you for your response. If there are any questions concerning the details of this review, please call us at 373-2230.

Kimberly Strickland Franklin
Internal Auditor

Len Lucas
Internal Audit Director

cc: Bob Morgan, Deputy City Manager
Andy Scott, Assistant City Manager for Economic Development
Walter Simmons, Director of Engineering & Inspections
Libby James, Public Transportation Division Manager

Strickland Franklin, Kimberly

From: Fischer, Adam
Sent: Thursday, August 25, 2011 1:05 PM
To: Strickland Franklin, Kimberly; James, Libby
Cc: Lucas, Len
Subject: RE: GTA FTA Review through March 31, 2011

Please consider this e-mail as my signed response that I concur with your findings.

Thanks

From: Strickland Franklin, Kimberly
Sent: Thursday, August 25, 2011 12:59 PM
To: Fischer, Adam; James, Libby
Cc: Lucas, Len
Subject: RE: GTA FTA Review through March 31, 2011
Importance: High

We are currently due a signed response for the GTA FTA Review ending March 31, 2011 and the Wendover Ave West Improvements Grant. Both responses were due July 8th. As of today, we have not received a signed response for either review. What is the status for your signed response?

Kimberly Franklin (Strickland)
Internal Auditor
City of Greensboro
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kimberly.franklin@greensboro-nc.gov

From: Strickland Franklin, Kimberly
Sent: Thursday, August 18, 2011 3:50 PM
To: Fischer, Adam; James, Libby
Cc: Lucas, Len
Subject: GTA FTA Review through March 31, 2011
Importance: High

What is the status of the signed response for the GTA FTA Review for Q3 FY 10-11? We received the emailed response on July 26, 2011 and were advised that we would receive the signed copy the week of August 1st.

Kimberly Franklin (Strickland)
Internal Auditor
City of Greensboro
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kimberly.franklin@greensboro-nc.gov

Department of Transportation
City of Greensboro



July 26, 2011

TO: Len Lucas, Internal Audit Director
FROM: Adam Fischer, P.E., Director
SUBJECT: GTA FTA Review through March 31, 2011

Recently, the Internal Audit Division conducted a review of the Federal Transit Administration (FTA) expenditures of the Greensboro Transit Authority (GTA) for the new GTA Maintenance and Operations Transit Facility and Administrative Offices project. The report dated June 3, 2011, covered the expenditures through March 31st of the fiscal year 2010-2011. It should be noted that the GDOT-Public Transportation Division is responsible for the administration of the FTA Grants Program.

Please be advised that we concur with the subject GTA FTA Review through March 31, 2011. We appreciate your continued assistance and support of our efforts to comply with FTA Grants Program requirements.

/lj

cc: Bob Morgan, Deputy City Manager
Andy Scott, Assistant City Manager for Economic Development
Denise Turner, Assistant City Manager for Community Affairs & Communications
Walter Simmons, Director of Engineering & Inspections
Libby James, Public Transportation Division Manager